

JCT Analysis: Bush Tax Cuts For the Wealthy Would Add Billions to the Deficit

*“A Republican plan to extend tax cuts for the rich would add more than \$36 billion to the federal deficit next year -- and transfer the bulk of that cash **into the pockets of the nation's millionaires**, according to a congressional analysis released Wednesday.”*

[The Washington Post, [8/12/10](#)]

As Democrats fight against the Bush tax increase on the middle class that Republicans put in place to hide the true cost of their 2001 and 2003 tax plans, Republicans are instead fighting for wealthy millionaires. Republican claims that they're concerned about the deficit – which they cited even when voting against fully paid-for legislation that would save the jobs of teachers, police officers, and firefighters – disappear when it comes to giving more tax breaks to the wealthiest Americans. On Meet the Press this Sunday, Republican Leader John Boehner couldn't come up with an answer when asked not once, but four times, whether tax cuts for the wealthy added to the deficit. An analysis from the Joint Committee on Taxation has a clear answer: yes, they do.

GOP Puts Millionaires Before the Middle Class; Adds to the Deficit

Yesterday, the non-partisan Joint Committee on Taxation released an analysis of Democratic and Republican proposals. The analysis found the following:

Democrats would stop the Bush tax increase on the middle class that Republicans scheduled to happen at the end of this year. Instead, we would extend tax relief for the middle class through the provisions included in statutory PAYGO legislation:

- Continue existing tax relief for 98 percent of taxpayers with income below \$200,000 for single filers and \$250,000 for joint filers.

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- Would add more than \$36 billion to the deficit in 2011
- Would cut taxes for the wealthy, costing \$38.8 billion in 2011, and nearly \$700 billion over ten years.
- Nearly this entire amount – 96 percent – would go to 923,000 households that make more than \$500,000.
- In 2011, households that make more than \$1 million (only 315,000 returns out of more than 161 million taxpayers nationwide) would receive an average tax cut of \$103,000.
- Recent estimates from the non-partisan Tax Policy Center show this would affect less than two percent of small business owners.

Extending Bush tax cuts for the wealthy:
\$200k-\$500K: average cut = \$7,152.2
\$500K-\$1 million: average cut = \$17,467.1
\$1 million+ : average cut = \$103,834.9

Experts and Leading Republicans Agree: Tax Cuts for Millionaires Add to the Deficit

House Republican Whip Eric Cantor: Admitted that extending the tax cuts for the wealthiest would mean that “*you are going to dig the hole deeper.*” [MSNBC, [8/2/10](#)]

Doug Holtz-Eakin, former CBO director and former top McCain advisor: “I have never been in the camp that believes that quote ‘tax cuts pay for themselves.’ There is no serious research evidence to suggest that.” [Think Progress, [8/5/10](#)]

Senator George Voinovich (R-OH): “It’s like tax reductions; you don’t need to pay for them? To me, that’s nonsense ...It’s crisis time, and we’re ready to go over the cliff.” [The Hill, [8/5/10](#)]

David Stockman, President Reagan’s Director of the Office of Management and Budget: “It is...unseemly for the Senate minority leader, Mitch McConnell, to insist that the nation’s wealthiest taxpayers be spared even a three-percentage-point rate increase....This debt explosion has resulted not from big spending by the Democrats, but instead the Republican Party’s embrace, about three decades ago, of the insidious doctrine that deficits don’t matter if they result from tax cuts.” [New York Times, [07/31/10](#)]

Alan Greenspan, Former Chairman of the Federal Reserve; Nominated by President Reagan: “When asked if he agrees with Republicans who say that tax cuts pay for themselves, Greenspan, who led the U.S. central bank for nearly 20 years, simply said: ‘They do not.’” [Reuters, [8/2/10](#)]